DEPARTMENT OF GENERAL SERVICES

BIENNIAL PERFORMANCE AUDIT

FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

TABLE OF CONTENTS

Executive Summary	1
Background Information	3
Objectives, Scope, and Methodology	7
SECTION I: Current Findings and Recommendations	9
SECTION II: Implementation Status of Prior Audit Findings and Recommendations	15
Appendix I: Management's Response to the Current Findings and Recommendations	19

Office of the Comptroller
Josh Pasch, City Auditor
100 N. Holliday St., Room 321
Baltimore, Maryland 21202

Honorable Bill Henry, Comptroller
and Other Members
of the Board of Estimates
City of Baltimore

Executive Summary

We conducted a Biennial Performance Audit of the Department of General Services (DGS) for the fiscal years (FYs) ended June 30, 2020 and June 30, 2019. The objectives of our performance audit were to: (1) evaluate whether DGS has effective and efficient processes to identify, track, and monitor the City of Baltimore's (City) building occupancy rate; (2) to determine whether DGS has adequately designed internal controls related to the processes to report the City's building occupancy rate; and (3) follow-up of findings and recommendations that were included as part of the previous performance audit report of DGS, dated December 31, 2019. The scope of our audit is office space utilization.

The DGS manages certain City-owned buildings and rents office spaces to the Mayor, Comptroller, City Council, City agencies, non-City agencies (e.g., the War Memorial), and private entities, which are comparable to tenants. In this function, DGS is comparable to a landlord and is responsible for terms that are agreed upon between DGS and tenants. The DGS usually has formal agreements with all these tenants except for the Mayor's, Comptroller's, or City Council occupied spaces, and those required by legislation. According to DGS, this has been the City's practice. To effectively facilitate space utilization, the City's Administrative Manual 301-3, *Floor-Space Requests and Rent Payments*, effective November 3, 1975, requires "all applications for the following types of floor space must be submitted to the Space Utilization Committee and approved by the Board of Estimates (BOE): (1) requests for rental of real property; (2) requests for lease renewals and extensions; and (3) requests for space in City-owned buildings." (See Finding III on page 14)

Formula for Calculating Building Occupancy Rate

- Building Occupancy Rate = Total Square Footage of Occupied Spaces / Total Square Footage of Usable and Rentable Spaces
- Total Square Footage of Usable and Rentable spaces = Total Square Footage of the Building - Total Square Footage that Is Not Usable or Rentable (i.e. elevator, storage room, stairwells, restrooms, hallways)

While conducting the DGS Biennial Audit and the Department of Housing and Community Development (DHCD) Biennial Audit[1], the Department of Audits (DOA) observed the City does not have a process to collect and maintain individual and overall building occupancy rates (see text box), whether managed by DGS or other agencies. Having a process to collect and maintain affected agencies' building occupancy rates with a consistent measurement e.g., square footage is useful in identifying available office space to offer agencies requesting to occupy space in City-owned buildings rather than occupying space in privately-owned buildings. At the beginning of FY 2021, DGS began recording certain information on quarterly spreadsheets for the City-owned buildings managed by DGS; however, DGS' initiative to improve tracking building occupancy and / or vacancy rates needs improvement. (See Finding II on page 12)

[1] The audit objective for DHCD Biennial Audit is related to vacant property reporting.

The DOA also observed that the City does not have one system where all City-owned vacant property (see text box) is recorded and identified. Currently, the most complete and thorough list of real property in the City is the Legacy Mainframe system managed by Department of Transportation - Right of Way Services Division - Property Location Section (DOT). The DOT's real property inventory list includes all real property within the City limit. The list contains but is not limited to the following information: responsible managing agencies, owner, block and lot, property description, address, and deed date. This real property inventory list does not indicate if City-owned property is occupied or vacant.[2] Additionally, the City has multiple systems used by affected agencies[3]; however, the City does not have a process to reconcile these data sources, a key control, to validate the completeness and accuracy of the City-owned real property inventory. A lack of a complete and accurate list of City-owned property[4] specifying whether a property is occupied or vacant may increase the risk of the City not being able to effectively: (1) manage the City's real property; (2) identify vacant properties to make informed decisions regarding the City's vacant real property; and (3) accurately report property value for financial reporting purposes. (See Finding I on page 8)

Definition of City-owned Vacant Property

City-owned vacant property does not include vacant properties which are former privately-owned properties acquired by the City. For example, there are approximately 10,000 properties of which 8,300 properties are former privately-owned properties acquired by the City. Of the 8,300 properties, 7,000 are under DHCD and 1,300 are under Department of Real Estate (DORE). The remaining 1,700 properties are City-owned property which is occupied or vacant.

Of the four prior year recommendations that we followed up during this Biennial Performance Audit, three recommendations, or 75 percent, were fully implemented and one recommendation, or 25 percent, was partially implemented. (See Section II on page 15).

To improve the accountability for City-owned property, we recommend the Mayor, the Comptroller, and the Director of DGS implement the recommendations made in this report. Management responses are included in Appendix I (see page 19).

We wish to acknowledge DGS, DHCD, Department of Law, DORE, and DOT's cooperation extended to us during our audit.

Respectfully,

Josh Pasch

Josh Pasch, CPA
City Auditor
Baltimore, Maryland
August 12, 2021

[2] According to DORE, the function to indicate whether a property is occupied or vacant is available, but not used.

[3] There are additional departments such as Baltimore City Recreation and Parks (BCRP), Department of Planning (DOP) and Department of Public Works (DPW).

[4] A complete and accurate list of City-owned property is important because the denominator of the building occupancy rate calculation is based on total square footage of usable and rentable spaces.

Background Information

I. Department of General Services

The DGS was approved by the citizens of Baltimore in the November 2008 General Election and began operations as an independent agency on July 1, 2009. The DGS is committed to providing healthy work environments and safe, reliable vehicles for City employees by delivering customer service to City agencies, which serve Baltimore's community members and stakeholders. The DGS is comprised of five divisions: Administration, Fleet Management, Facilities Management, Public and Private Energy Performance, and Capital Projects Division / Design and Construction. The Facilities Management Division (Service 731) is the relevant division for the audit objectives. It is responsible for providing maintenance and repair to over 500 municipal buildings. The 85 core buildings, owned by the Mayor and City Council, comprise over 4.7 million square feet of workspace. The tenant agencies include most departments of City government. The DGS maintains 39 buildings through an Internal Service Fund (ISF), including recently added historic properties. Agencies occupying buildings supported by the ISF are charged rent on a square foot basis. The remaining 46 buildings, including current surplus schools, are funded directly through the General Fund. The DGS is actively engaged with partners to identify opportunities for alternative uses for the surplus schools.

II. Department of Housing and Community Development

The DHCD works to improve the quality of life for all Baltimore City residents by revitalizing and redeveloping communities and promoting access to quality affordable housing opportunities in safe, livable neighborhoods. To maintain safe and attractive neighborhoods throughout the City, DHCD's Code Enforcement Division enforces the City's housing, zoning, building and related codes. As part of the enforcement function, DHCD identifies and maintains an inventory of vacant residential and business properties that are unsafe and unfit for habitation and use. This information is useful in efforts to revitalize and redevelop communities throughout the City.

III. Department of Transportation

The DOT-Right of Way Services Division, Property Location Section is responsible for managing the Real Property Master File in the Legacy Mainframe. This consists of all properties, both privately and City-owned within the City as well as the Agency Codes for properties owned by the City. Agency Codes are updated through recorded deeds, inquisitions, Space Utilization Committee and BOE approvals. Transfer of properties from one agency to another is completed through receipt of BOE memos giving approval of the transfer.

IV. Department of Real Estate

The DORE, an agency under the Comptroller's Office, is responsible for a variety of functions related to real property owned by the City, including: (1) disposition of real property owned by the City; and (2) acquisition of real estate for the City. The DORE works with the Baltimore Development Corporation, DGS, DHCD, and the Mayor's Office. The City's Space Utilization Committee, managed by DORE, reviews all City property dispositions and proposed development. The committee determines the lead City agency, or the agency responsible for the property, as well as any contract requirements.

V. Relevant Exhibits for Finding I and Finding II

Exhibit I

Real Property in the City of Baltimore

All properties in City of Baltimore

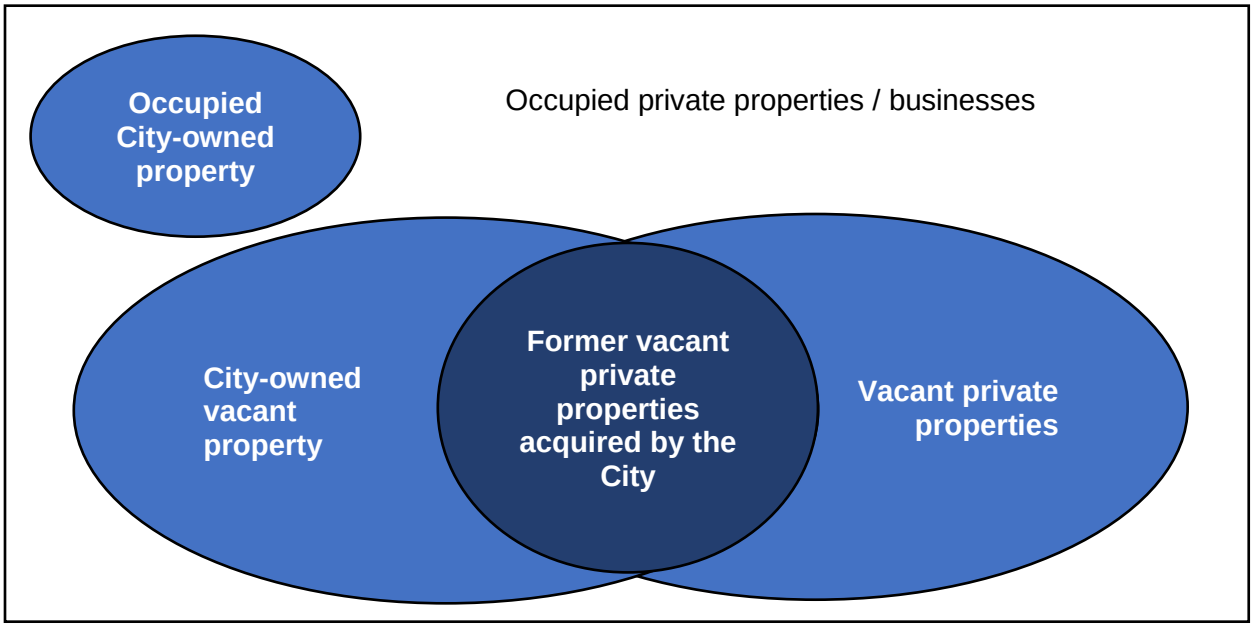


Exhibit II

Systems for City-owned Real Property Inventory

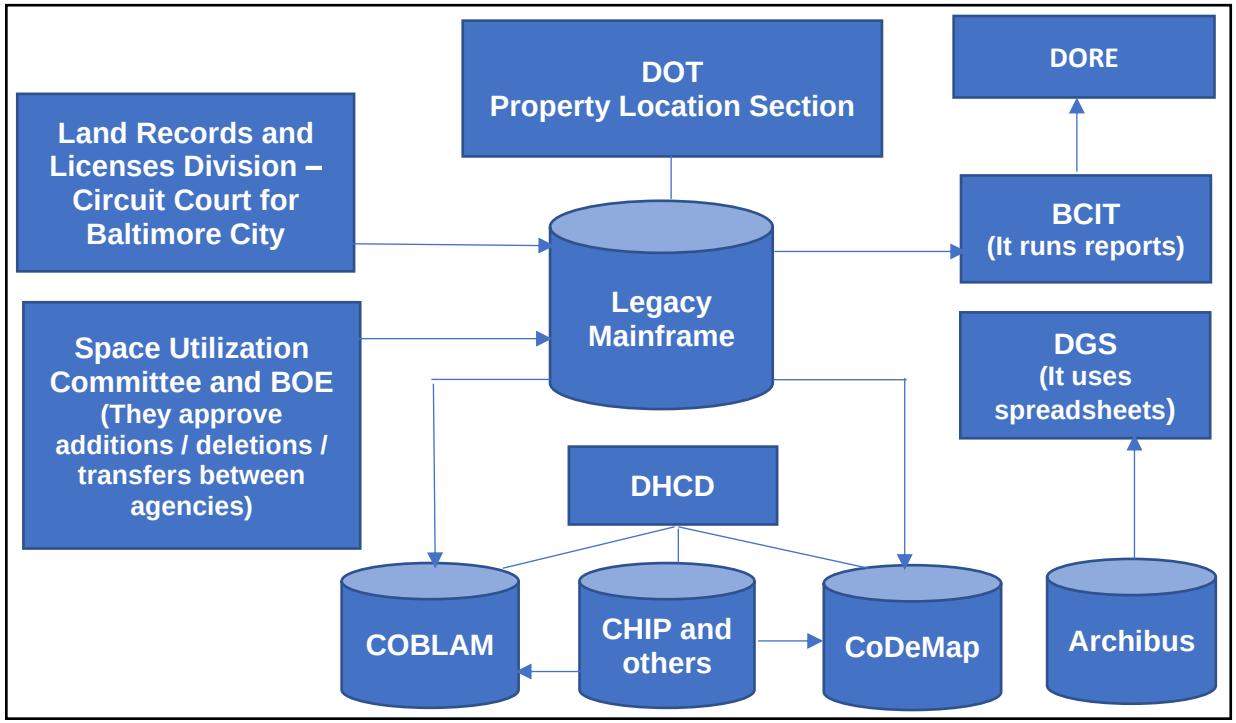
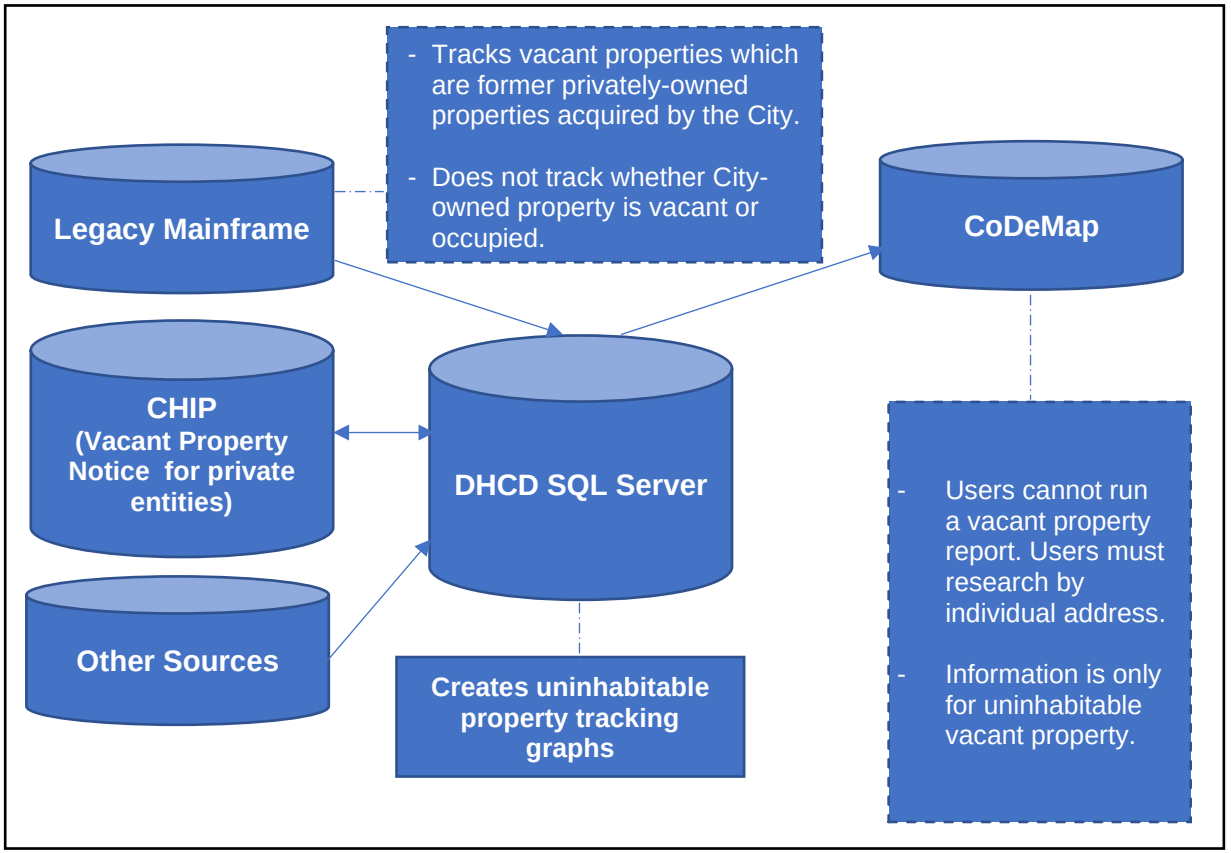


Exhibit III

Systems for Vacant Property Inventory



Objectives, Scope, and Methodology

We conducted our performance audit in accordance with G*enerally Accepted Government Auditing Standards,* except for peer review requirements. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of our audit were to:

- Evaluate whether DGS has effective and efficient processes to identify, track, and monitor the City's building occupancy rate;

- Determine whether DGS has adequately designed internal controls related to the processes to report the City's building occupancy rate; and

- Follow-up on prior findings and recommendations included in the previous Biennial Performance Audit Report, dated December 31, 2019.

The scope of our audit is FYs 2020 and 2019 and office space utilization; however, certain other matters, procedures, and transactions outside that period were reviewed to understand and verify the information during the audit period. To accomplish our objectives, we:

- Interviewed key individuals from DGS, DHCD[5], DORE, DOT, and Department of Law (DOL) [6] to: (1) obtain an understanding of the processes, procedures, and systems relevant to audit objectives; and (2) evaluate the relevant internal controls, processes, and operational data;

- Reviewed applicable policies and procedures; relevant sections of the City Charter, City Code, and City Administrative Manual; leases; and other relevant information associated with the City's building occupancy rate and real property;

- Reviewed the DGS inventory list of City-owned buildings managed by DGS, which were compared to the DORE list of leases of City-owned buildings managed by DGS to test completeness and accuracy of DGS's list;

- Observed the work order tracking and monitoring processes in Archibus (integrated workplace system) that maintains documentation such as service work orders and leases related to the buildings managed by DGS;

[5] The DHCD Biennial Performance Audit team interviewed key individuals from DHCD.

[6] The DOL assists DORE and agencies with lease agreements between agencies and agreements with private parties for form and legal sufficiency.

- Verified the actual existence of selected DGS' leases in Archibus;
- Reviewed 90-60-30 days email notifications sent to DGS by Archibus when selected leases are due for renewal;
- Reviewed that the selected leases due for renewal were either renewed / not renewed and their status is contained in Archibus;
- Performed tests to determine the implementation status of prior year findings that included:
    - Review of the standard operating procedures (SOP) for work order creation, routing, tracking, and reporting; timelines and notifications associated with closing; and work orders that are not addressed within 48-72 hours;
    - Review of the Facilities Management Division Population Data (FMDPD) for work orders that were completed in FYs 2015-2020 and closed in FYs 2019-2020;
    - Reperformance of DGS's calculation of the percentage of corrective maintenance (CM) and preventive maintenance (PM) work orders completed in FY 2015-2020 and closed in FY 2019 and FY 2020 for accuracy;
    - Comparison of the re-performed results to FY 2019 and FY 2020 performance measure amounts in the FY 2022 Budget Book;[1]
    - Removal of all work orders completed during FYs 2015-2018 that were included in the FMDPD to calculate the actual percentage of CM and PM work orders completed and closed in FY 2019 and FY 2020;
    - Comparison of the recalculated results to the performance measure amounts in the FY 2022 Budget Book;[1]
    - Review of the "Data-Driven Benchmarking Time to Completion" document showing the benchmarks for completion of each type of CM and PM, and verified that these benchmarks for completion have been implemented and are being used for the completion times of the CM and PM work orders in the FMDPD; and
    - Review of the Quarterly Report on Vehicle Fuel Consumption Report (Report), and selected various agencies' data to verify that this Report allows agencies to obtain information on their vehicles' fuel consumption.

Note: [1]The differences were not significant.

SECTION I
Current Findings and Recommendations

Finding I: The City does not have efficient and effective processes and a system to identify, record, update, and maintain a unified inventory of all the City real property, including City-owned vacant property.

While conducting the DGS and DHCD Biennial Performance Audits, DOA observed that the City does not have one system where all City-owned vacant property is recorded and identified (see Section II below and Exhibit III on page 6). Currently, the most complete and thorough list of real property in the City is the Legacy Mainframe system managed by DOT. The DOT's real property inventory list includes all real property within the Baltimore City limit. The list contains but is not limited to the following information: responsible managing agencies, owner, block and lot, property description, address, and deed date. This real property inventory list does not indicate if City-owned property[7] is occupied or vacant (see Section II below). [8]

Additionally, the City has multiple systems (see below) used by affected agencies[9]; however, the City does not have a process to reconcile these data sources, which is a key control, to validate the completeness and accuracy of the City-owned real property inventory (see Section I below and Exhibit II on page 5). The completeness and accuracy of number of City-owned buildings is important because the denominator of the building occupancy calculation is based on total square footage of usable and rentable spaces (see text box on page 1).

Section I: Multiple Systems for City-owned Real Property Inventory

- The DOT manages the real property inventory in the Legacy Mainframe, which is maintained by Baltimore City Information Technology (BCIT). The inventory contains all real property in the City. Daily, DOT manually obtains data from the Land Records and License Division in the Circuit Court for Baltimore City and updates the real property inventory list in the Legacy Mainframe. The real property inventory list is also updated after the Space Utilization Committee and BOE's approvals for the sale, purchase, transfer of City-owned property, inter-agency agreements, and leases with third parties of City-owned real property. The DOT: (1) assigns property to respective agencies; and (2) contacts BCIT annually to have a report pulled from the Real Property Master File that lists all properties owned by Mayor and City Council. The DOT reviewed the report to make sure any properties either sold by or purchased by the City have been updated to either

[7] This does not include vacant properties which are former privately-owned properties acquired by the City.

[8] According to DORE, the function to indicate whether a property is occupied or vacant is available, but not used.

[9] There are additional departments such as Baltimore City Recreation and Parks (BCRP), Department of Planning (DOP) and Department of Public Works (DPW).

remove or add the City Agency Codes. On occasion, DOT found a City-owned property without any Agency Code. The DOT researched to identify what jurisdiction the property belongs. If DOT could not determine the agency, the property is put under Agency 01. This determination was made through discussion with DORE several years ago. However, due to the ransomware attack and the global pandemic (COVID), the practice has been stopped.

- The DGS records all City-owned property managed by DGS in Archibus. The reporting function currently available in Archibus does not allow DGS to select certain fields to furnish a specific report. As a result, beginning in FY 2021, the spreadsheet was designed as a simple tool to list the information most useful to DGS. This list contains information (lease or service agreement) that DGS (comparable to landlord) has with City agencies, non-City entities, and private entities (comparable to tenants). The DGS plans to continue using Archibus and will record specific information for all City-owned property managed by DGS to calculate the building occupancy and / or vacancy rates.

- The DORE maintains a listing of privately-owned properties which are occupied by City agencies.

  For a listing of all City-owned real property, DORE initially stated that it does not maintain the list as required by the Baltimore City Charter, § 5. *Department of Real Estate – Duties. (d) Inventory of City property*. The DORE is in the process of implementing a list of City-owned real property.

- The DHCD records City-owned property managed by DHCD in COBLAM. The data sources are DOT's Legacy Mainframe and CHIP.

Section II: Systems for City-owned Vacant Property

- The DOT's Legacy Mainframe - According to DORE, there are vacant properties which are former privately-owned properties acquired by the City. These properties are still vacant and assigned to DHCD (approximately 7,000 buildings) and DORE (approximately 1,300 buildings). However, for the remaining City-owned property (approximately 1,700 buildings), which are assigned to City agencies including DHCD, the Legacy Mainframe does not specify whether a property is occupied or vacant.

- The DORE did not maintain a list of remaining City-owned vacant real property (see text box on page 2).

- The DHCD records Vacant Building Notices (VBNs) for un-inhabitable private properties in CHIP. These VBNs overlap with the vacant properties mentioned in the above paragraph. Additionally, the DHCD created CoDeMap where the public can search property information by using individual addresses. The sources of data are from CHIP, DOT's Legacy Mainframe, and other sources.

As stated above, vacant City-owned property, excluding the properties acquired from private entities, are not identified in the DOT's Legacy System and are not recorded in the DHCD's CHIP System. However, as stated in Finding II, DGS records lease information in the spreadsheet, which can be used to identify vacant occupied spaces. If the City wants to have the unified information of vacant City-owned properties managed by City agencies, the City must contact affected agencies to obtain information from each agency and combine the information. However, this process currently does not exist.

A lack of a complete and accurate list of City-owned property specifying whether a property is occupied or vacant may increase the risk of the City not being able to effectively: (1) manage the City's real property; (2) identify vacant properties to make informed decisions regarding the City's vacant real property; and (3) accurately report property value for financial reporting purposes.

The causes of the issue are: (1) there are no City-wide formal policies and procedures outlining the roles and responsibilities of DORE and affected agencies for recording and maintaining a list of City-owned property; (2) the management and ownership of City-owned real property has become increasingly decentralized over the years. This, combined with decreasing communication and coordination, led to the current process of various agencies maintaining real property listings under their responsibility.

The Baltimore City Charter, § 5. *Department of Real Estate – Duties. (d) Inventory of City property*, "the Comptroller, working in conjunction with the heads of other affected municipal agencies, shall maintain a public inventory of the City's properties."

The *Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States* state: "Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions. Ongoing monitoring may include automated tools, which can increase objectivity and efficiency by electronically compiling evaluations of controls and transactions."

Recommendation I: We recommend the City Comptroller:

- Work with the heads of other affected agencies such as BCRP, DGS, DHCD, DOP, DOT, and DPW to:

  (1) Establish an efficient and effective City real property inventory system and processes for: (i) City-owned property, and (ii) properties formerly owned by private entities and acquired by the City; and

  (2) Periodically record, update, and maintain a unified inventory of the City's real properties, specifying occupied or vacant and associated dollar value, for making informed decisions for sale, purchase, disposal of City-owned real property, and financial reporting.

- Establish the formal (written, dated, signed) City-wide policies and procedures outlining the roles and responsibilities of DORE and affected agencies.

Finding II: The City does not have a process to collect and maintain affected agencies' building occupancy and / or vacancy rates; and DGS' initiative to improve tracking building occupancy and / or vacancy rates is incomplete.

The City does not have a process to collect and maintain individual and overall building occupancy rates, whether managed by DGS or other agencies. Having a process to collect and maintain affected agencies' building occupancy rates with a consistent measurement e.g., square feet (see below) is useful in identifying available office space to offer agencies requesting to occupy space in City-owned buildings rather than occupying space in privately-owned buildings.

At the beginning of FY 2021, in response to an increasing number of questions from City agencies, City management, and the Department of Audits, DGS began recording the following information on quarterly spreadsheets for the City-owned buildings managed by DGS[10]: (1) building addresses; (2) building names; (3) tenant names; (4) type of services provided by DGS in the lease or service arrangements; and (5) estimated square feet for occupied and vacant spaces that are currently on file. DGS stated that it began compiling this information because there was no quick way to obtain information about occupancy, tenants, space, square footage, etc. Therefore, DGS created a spreadsheet that contains all of the facilities and tenants that DGS managed (as manager, servicer, etc.), that includes all of the tenants at each facility with information such as whether or not the tenant has a lease. The DGS will add additional fields as needed.

Historically, DGS operates based on the institutional knowledge of building occupancy with the goal of every office being assigned to or rented out to agencies. The DGS knows how many tenants are occupying space and how many units are usable and rentable. However, the number of tenants or units are not an effective measurement because the units are subject to change based on modifications of demised space available (numerator of the occupancy rate calculation), which may result in more or less units in the building. This can skew occupancy rates; and trending occupancy rates in units versus square feet over years could mislead users of the building occupancy and / or vacancy rates. For example, if there is an occupancy rate of 90 percent in units with 50 percent occupancy rate in square feet, it shows 40 percent more occupied space in square feet. In comparison, if there is an occupancy rate of 95 percent in units with 60 percent occupancy rate in square feet, it shows 35 percent more occupied space in square feet.

According to DGS, "these practices were handed down from the DGS' former home in DPW. Most tenants have remained in the same place since the switch occurred in 2011." However, according to DGS, "per industry standards, it has begun to gather occupancy and square footage data to better derive certain metrics necessary for the efficient operation of its buildings, fiscal processes, and capital planning. The current quarterly spreadsheets (DGS-PMPS Asset list) is a way to bridge the current data gap until DGS'

[10] According to DGS, "this information is not recorded in an effort to determine the vacancy / occupancy rate, but that information may be a by-product of that list."

proprietary system called Archibus is fully operational."

Per Article VII, § 132 of the Baltimore City Charter DGS "…has charge of the construction, demolition, alteration, operation and maintenance of all municipal buildings and related improvements."

Developing Performance Measures published by the National State Auditors Association states:

- "Public program managers must first know what they are measuring. That involves developing a mission statement, establishing goals, setting objectives, and developing an action plan."

- "Agency managers should develop clear goals for the organization as a whole and its individual programs that follow the organizational mission … One of the things to be considered in developing good goals is the goals must support the mission."

Recommendation II:

- We recommend the Mayor and the Comptroller require affected agencies such as BCRP, DGS, DHCD, DORE, and DOT to: (1) calculate individual and overall building occupancy rates and / or vacancy rates in square feet; (2) work together to establish a process to maintain affected agencies' individual building occupancy rates and implement formal (written, dated, signed) City-wide policies and procedures for this process that will include roles and responsibilities of the affected agencies.

- We recommend DGS:

    - Establish and implement effective and efficient processes for the current data collection activities; and

    - Document above bullet in formal (written, dated, signed) policies and procedures to calculate and record the building occupancy rate.

Finding III: The DGS does not have written agreements for all City-owned buildings managed by DGS.

The DGS manages certain City-owned buildings and rents office spaces to Mayor, Comptroller, City Council, City agencies, non-City agencies (e.g., the War Memorial), and private entities, which are comparable to tenants. In this function, DGS is comparable to a landlord and is responsible for terms that are agreed upon between DGS and tenants. The DGS usually has formal agreements with all these tenants except for the Mayor's, Comptroller's, or City Council occupied spaces, and those required by legislation. According to DGS, this has been the City's practice.

To effectively facilitate space utilization, the City's Administrative Manual 301-3, *Floor-Space Requests and Rent Payments*, effective November 3, 1975, requires "all applications for the following types of floor space must be submitted to the Space Utilization Committee and approved by the BOE: (1) requests for rental of real property; (2) requests for lease renewals and extensions; and (3) requests for space in City-owned buildings."

Recommendation III: We recommend the Director of DGS require all tenants occupying spaces in City-owned buildings managed by DGS to have either a formal written lease, Memorandum of Understanding, or Service Level Agreement. These agreements will detail the terms and responsibilities of the tenant occupying space and DGS.

SECTION II
Implementation Status of Prior Audit Findings and Recommendations

Table I

Summary of Implementation Status of Audit Findings and Recommendations from the Performance Audit Report for Fiscal Years Ending 2018 and 2017 for Service 731 – Facilities Management[11]

No.	Finding	Prior Recommendation	Management's Self-reported Implementation Status	Auditor's Assessment
1.	Formal policies and procedures for processing corrective maintenance work orders need to be developed and implemented. The Facilities Management Division has corrective maintenance work order processes and practices; however, these processes and practices are not formally documented in policies and procedures (e.g. routing Work Orders: closing and Completion of Work Orders; tracking Work Orders; and monitoring Work Order.)	Develop and implement formal (written, approved, dated) policies and procedures to include, but not be limited to, work order creation, routing, execution, tracking, monitoring and reporting of results.	**Partially Implemented** The DGS Facilities Management created standard operation procedures (SOPs) that includes work order creation, routing, tracking and reporting. In addition, included in the SOPs are timelines and notifications associated with closing and work orders that are not addressed within 48-72 hours.	**Partially Implemented.** Although the SOPs are formally developed, the SOPs have not been fully implemented. The DGS is in the process of training the staff, .and anticipates the completion of training by October, 2021.

[11] The selected performance measure is Percentage of work orders closed on time.

No.	Finding	Prior Recommendation	Management's Self-reported Implementation Status	Auditor's Assessment
2.	The Service 731's % of Preventative Maintenance Out of Total Work Orders actual results were overstated. Specifically, based on the problem types identified for maintenance work orders in FYs 2018 and 2017, the supporting documentation showed the majority of completed work orders appeared to be corrective maintenance (CM), rather than preventive maintenance (PM). However, according to the Budget Books for FYs 2018 and 2017, the Facilities Management Division overstated actual results by reporting 72 percent and 58 percent, respectively. As a result, DGS cannot accurately measure the efficiency of CM and PM services provided to City agencies and tenants.	Develop procedures to identify and report timeliness standards separately for the two types of maintenance.	**Implemented** The Facilities Management Division has changed the methodology of it gauges compliance. It now counts all the jobs based on the fiscal year in which they were completed, not the fiscal year in which they were closed. This changes the overall numbers in a small way, but it makes the KPI more internally useful and simpler to explain. An additional note is that the budget book shows actuals based on the previous methodology of using date closed as the trigger. The Facilities Management Division will request that the book show note that fiscal years 19-20 are based on date closed metric. The benchmarks established for problem types are also used to gauge on time compliance and paired with SOPS and accountability of staff.	**Implemented** **Note:** In FY 2020 and FY 2019, DGS included closed work orders in Archibus that were completed in FYs 2015 to 2018. The DGS reported the FY 2020 and FY 2019 actual performance measure amounts in the FY 2022 Budget Book, but did not disclose that this amount included closed work orders completed in FYs 2015 to 2018. Based on our review, however, this did not significantly affect the actual performance measure reported in the FY 2022 Budget Book. However, to be transparent, we recommended DGS to include a note disclosure in Budget Book in the future.

No.	Finding	Prior Recommendation	Management's Self-reported Implementation Status	Auditor's Assessment
3.	The Service 731's performance measure, % of Work Orders Closed On Time does not rely on an established set of standards to determine work orders closed on time. Instead, the Facilities Management Division establishes the target annually by calculating an average of the time it took to complete all similar work orders during the FY. However, the dates used to calculate the targets do not necessarily represent the actual completion date of the work order. For example, a supervisor manually entered the finished date for Work Order 129062 as December 14, 2019 in Archibus Date Finished field. However, the reports used to calculate the targets rely on Archibus completed timestamp of December 26, 2019, which is the date when the supervisor reviewed and indicated the work order as being completed.	• Re-evaluate the current data capturing processes for establishing targets; and • Develop objective targets for each category of problem type to effectively measure the efficiency of maintenance personnel.	**Implemented** The Facilities Management Division has established benchmarks per problem type, both Corrective and Preventive. The benchmarks have been implemented and reports/tracking is active and available in real-time.	**Implemented**

Table II

Summary of Implementation Status of Audit Finding and Recommendation from the Performance Audit Report for Fiscal Years Ending 2014 through 2011 for Service 189 – Fleet Management[12]

No.	Findings	Prior Recommendation	Management's Self-reported Implementation Status	Auditor's Assessment
1.	Although fuel consumption information is available for each vehicle, there is no specific process in place to monitor or review the usual patterns, especially high consumption that could result from pilferage. For example, the Fire Department has over 370 vehicles, but we saw no evidence that fuel consumption is monitored, reported or reviewed. In addition, auditors found that although there are limits on the quantity of fuel per transaction and the number of transactions per day, there are no limits on the quantity of fuel assigned a specific vehicle or equipment every month or quarter.	• Ensure miles per gallon (MPG) information is reported for each vehicle. • Implement a process to monitor actual MPG information for each vehicle in the fleet on a periodic basis. This information could be compared with the standards established by the manufacturer and with results achieved in previous periods. User agencies would have an internal process to identify and investigate instances of unusually high or low fuel consumption and, where necessary, take corrective action. It could also be used in the process of identifying old / inefficient assets that could be replaced or disposed.	**Implemented** The DGS implemented the "Quarterly Fuel Disbursed in Gallons by Agency Vehicle Selection Report" (Report) which is in the Power BI Report Server (BMORE Reports). In order for affected agencies to gain access to monitor fuel consumption for their fleet of vehicles, the affected agencies must acquire user credentials from the analyst / programmer for DGS. Once acquired, the affected agencies will be provided instructions to access the Report.	**Implemented**

[12] The selected performance measure is Average Miles per Gallon (MPG) of fuel consumed per vehicle.

APPENDIX I

Management's Response to the Audit Report

Date: July 21, 2021

To: Josh Pasch, City Auditor

Subject: Management Response to Audit Report:
Biennial Performance Audit Report on Department of General Services
for the Fiscal Years Ended June 30, 2020 and 2019

Our responses to the audit report findings and recommendations are as follows:

Recommendation # I

We recommend the City Comptroller:

- Work with the heads of other affected agencies such as BCRP, DGS, DHCD, DOP, DOT, and DPW to:
    - Establish an efficient and effective City real property inventory system and processes for: (i) City-owned property, and (ii) properties formerly owned by private entities and acquired by the City; and
    - Periodically record, update, and maintain a unified inventory of the City's real properties, specifying occupied or vacant and associated dollar value, for making informed decisions for sale, purchase, disposal of City-owned real property, and financial reporting.
- Establish the formal (written, dated, signed) City-wide policies and procedures outlining the roles and responsibilities of DORE and affected agencies.

Management Response/Corrective Action Plan

Agree [x] **Disagree** [ ]

On July 1, 2021, DORE announced that it will lead an interagency collaborative effort to review the City's current real estate assets, management and transaction systems and processes, and real estate expertise across all City agencies. This effort, akin to a multi-agency performance audit, will continue the critical examination of operations and workflows already started within DORE.

The overall goals will be expanded to include a response to Finding # I – **The City does not have efficient and effective processes and a system to identify, record, update,**

and maintain a unified inventory of all the City real property, **including City-owned vacant property. The expanded goals include:**

- Identifying immediate and short-term improvements in real estate practices, including working with DGS and DOT to identify, record, update and maintain, using new software applications (Slate), a unified an inventory of all City property, including City-owned vacant property;

- Establishing an efficient and effective City real property inventory system and processes for: (i) City-owned property, and (ii) properties formerly owned by private entities and acquired by the City;

- Periodically recording, updating, and maintaining a unified inventory of the City's real properties, specifying occupied or vacant and associated dollar value, for making informed decisions for sale, purchase, disposal of City-owned real property, and financial reporting; and

- Establishing the formal (written, dated, signed) City-wide policies and procedures outlining the roles and responsibilities of DORE and affected agencies.

Implementation Date: December 31, 2021

Responsible Personnel: Andy Frank, Acting Real Estate Officer

Note: We also received a response from the DOT - Property Location Section stating it would like to assist with actions / response in the effort to create a coherent database for City-owned property.

Recommendation # II

We recommend:

- The Mayor and the Comptroller require affected agencies such as BCRP, DGS, DHCD, DORE, and DOT to: (1) calculate individual and overall building occupancy rates and / or vacancy rates in square feet; (2) work together to establish a process to maintain affected agencies' individual building occupancy rates and implement formal (written, dated, signed) City-wide policies and procedures for this process that will include roles and responsibilities of the affected agencies.

- The Director of DGS:

    - Establish and implement effective and efficient processes for the current data collection activities; and

- Document above bullet in formal (written, dated, signed) policies and procedures to calculate and record the building occupancy rate.

Management Response/Corrective Action Plan

Agree [x] **Disagree** [ ]

- **The Mayor's Office – City Administrator's Office**

  Action Plan Milestone(s):

  The City Administrator's Office (CAO) will:

  - Coordinate with Comptroller's Office of Real Estate on any initiatives to consolidate square footage and occupancy data. (December 31, 2021)

  - Facilitate coordination meetings between DGS and other asset management efforts in the Planning Department. In the last three years that City has invested significant time and resources to have better transparency into City real estate and infrastructure assets. Ernst & Young conducted a study cataloguing City parcels and strategic use and the City has funded a FTE position in Planning to coordinate with all City agencies on an asset management software. The CAO is committed to coordinating agencies on creating a comprehensive system for City assets across all agencies. The City Administrator is charging the Departments of: BCRP, DGS, DOP, DOT, and DPW to participate in the Comptroller's Office of Real Estate assessment and work group and to engage on recommendations for better coordination between the various agencies. (December 31, 2021)

  - Ensure and verify that the DGS adds square footage into the system and reports on unoccupied space. (December 31, 2022)

  - Review Vacancy/Occupancy data provided by DGS, quarterly. (December 31, 2022)

  Implementation Date: December 31, 2022

  Responsible Personnel: Daniel Ramos, Deputy City Administrator

- **Comptroller's Office - Department of Real Estate**

  On July 1, 2021, DORE announced that it will lead an interagency collaborative effort to review the City's current real estate assets, management and transaction systems and processes, and real estate expertise across all city agencies. This effort, akin to a multi-agency performance audit, will continue the critical examination of operations and workflows already started within the Department of Real Estate.

The overall goals will be expanded to include a response to Finding # II – **The City does not have a process to collect and maintain affected agencies' building occupancy and / or vacancy rates; and DGS' initiative to improve tracking building occupancy and / or vacancy rates is incomplete. The expanded goals will include:**

- Working with the Mayor's Office DGS, DHCD, and DOT, DORE will:

  - ✓ Calculate individual and overall building occupancy rates and /or vacancy rates in square feet; and

  - ✓ Work together to establish a process to maintain affected agencies' individual building occupancy rates and implement formal (written, dated, signed) City-wide policies and procedures for this process that will include roles and responsibilities of the affected agencies.

Implementation Date: December 31, 2021

Responsible Personnel: Andy Frank, Acting Real Estate Officer

- **Department of General Services**

The Facility Management Division's Property Management Portfolio Services (PMPS) section will continue to use the PMPS Service List to track facility data and during FY 2022 will begin adding verified square footage numbers to each building and tenant space. A separate sheet in the document will be used to track inventory and vacancy rates in the DGS portfolio. The PMPS will create an SOP specifically concerned with the collection, storage, and reporting of the data inputs necessary for calculation of occupancy and vacancy data. The SOP will be published to DGS Facility Management Division's active operation's procedures. The PMPS will continue to work with Archibus team to identify ways to store, track, and report occupancy and vacancy data so that occupancy / vacancy data can eventually be stored in, and reported from, Archibus.

Action Plan Milestone(s):

- All verified square footages have been added to service list (December 31, 2021)
- Separate sheet containing square footages has been built and is used to track vacancy/occupancy rates in DGS managed buildings (June 30, 2022)
- Vacancy / Occupancy data is routinely included in quarterly service list (December 31, 2022)

Implementation Date: December 31, 2022

Responsible Personnel: Hillary Chester, Real Estate Agent II

Recommendation # III

We recommend the Director of DGS require all tenants occupying spaces in City-owned buildings managed by DGS to have either a formal written lease, Memorandum of Understanding, or Service Level Agreement. These agreements will detail the terms and responsibilities of the tenant occupying space and DGS.

Management Response/Corrective Action Plan

Agree [x] **Disagree** [ ]

DGS will first determine which spaces do not have any active agreement and then group them by agency. We will then work with each affected agency / office to determine what type of agreement would be most appropriate given the administration changes and policy changes that affect space use. We will explore the different types of agreements that are available and see which option work best for that agency / office. This process will not happen quickly or without the help and cooperation of our tenant agencies, mayoral offices, and DORE. It is unclear how long the roll out of this initiative may take due to factors beyond DGS' control, but we can address the base issues during the upcoming FY.

Action Plan Milestone(s):

- Identify which spaces lack agreements (FY 2022 Quarter 1)
- Group spaces by agency / office and work with them to identify a preferred agreement type (FY 2022 Quarter Q2)
- Working with DORE, provide selected agreements to spaces per agency (FY 2022 Quarter 3)

Implementation Date: June 30, 2022

Responsible Personnel: Hillary Chester, Real Estate Agent II